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November 8, 1994

TO: Wayne Hedberg, Minerals Permit Supervisor  
FROM: Steve Schneider, O&G Audit Manager *Steve*  
RE: 1993 Utelite Financial Statements

Per Mr. Gallegos' request on October 31, 1994, I have reviewed the 1993 Utelite financial statements. 1993 was another profitable year for Utelite, however their financial ratios have changed significantly since my analysis last year. The following specific findings are provided for your information:

1. The current ratio has declined to 6.24 from 17.56 last year. The change in 1993 is due to an increase in current liabilities. Specifically, accounts payable (outstanding bills) increased 195% from 1992 to 1993. The 1993 current ratio is now less than the December 1988 standard, however Utelite still maintains a very conservative current ratio compared to the Board's normal standard of 1.2 or greater.
2. The total liability to net worth ratio has increased in 1993 to .08 from .03 due to a new note from the purchase of additional land. The 1993 ratio meets the Board's December 1988 standard of .08 or less.
3. Fixed assets decreased in 1993 by 9%, however this decrease was due primarily to additional accumulated depreciation on existing equipment. Fixed assets in 1993 are 42% above the 1988 level.
4. Tangible net worth increased by 4% in 1993.
5. Net income decreased by 36% in 1993, however net income is 416% above 1988's level.

Please let me know if you have any questions on the above comments or the attached financial ratios.

Attachment

cc: R. J. Firth

## Utelite Financial Ratio Review

	12/88	12/89	12/90	12/91	12/92	12/93
<b>CUR ASSETS/CUR LIAB</b>	<b>9.61</b>	<b>12.39</b>	<b>8.46</b>	<b>8.08</b>	<b>17.56</b>	<b>6.24</b>
Normal std of 1.2 or greater						
Board req'd 12/88 maintained						
<b>TOTAL LIAB/NET WORTH</b>	<b>0.08</b>	<b>0.04</b>	<b>0.07</b>	<b>0.10</b>	<b>0.03</b>	<b>0.08</b>
Normal std of 2.5 or less						
Board req'd 12/88 maintained						
<b>FIXED ASSETS</b>	<b>\$603,208</b>	<b>\$711,737</b>	<b>\$973,650</b>	<b>\$1,141,181</b>	<b>\$942,346</b>	<b>\$856,031</b>
Normal std of \$20 million						
Board did not require						
<b>TANGIBLE NET WORTH</b>	<b>\$1,030,746</b>	<b>\$1,601,482</b>	<b>\$2,077,873</b>	<b>\$2,226,354</b>	<b>\$2,299,031</b>	<b>\$2,391,802</b>
Normal std of \$10 million						
Board did not require						
<b>NET INCOME</b>	<b>\$66,018</b>	<b>\$474,664</b>	<b>\$859,584</b>	<b>\$317,529</b>	<b>\$535,435</b>	<b>\$340,936</b>
For information only						